

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GOSHEN UTILITIES, INC.

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ALLEGED FAILURE TO COMPLY WITH  
807 KAR 5:006 and 807 KAR 5:066

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)  
) CASE NO. 96-451  
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O R D E R

Goshen Utilities, Inc. ("Goshen") is an investor owned water utility which owns and operates facilities used for the treatment, distribution, and furnishing of water to the public for compensation in Oldham County, Kentucky. As such, it is a utility subject to Public Service Commission jurisdiction. KRS 278.010(3)(d).

KRS 278.280 authorizes the Commission to prescribe rules for the performance of any service furnished or supplied by a utility under its jurisdiction. Pursuant to this authority, the Commission has promulgated Commission Regulation 807 KAR 5:006, which establishes general rules for all utility operations, and Commission Regulation 807 KAR 5:066, which establishes general rules for the operation of water utilities.

On November 7, 1995, Commission Staff inspected Goshen's records and facilities for compliance with Commission regulations. In its report of this inspection, Commission Staff listed five instances where Goshen failed to comply with Commission regulations. Of these five, the utility subsequently corrected one by means of Case No.

96-080.<sup>1</sup> The Commission received no response regarding the other four failures to comply with Commission regulations.

According to the Utility Inspection Report, Goshen is keeping some records of inspections in the form of check-off charts, but Goshen's record-keeping does not include its pump stations and water storage facilities. 807 KAR 5:006, Section 25(3), requires that:

Appropriate records shall be kept by each utility to identify the inspection made, deficiencies found and action taken to correct the deficiencies.

According to the Utility Inspection Report, Goshen is not testing its 6-inch turbine master meter annually as required by 807 KAR 5:066, Section 16(1), which states:

Each utility shall test periodically all water meters so that no meter will remain in service without test for a period longer than specified . . . .

According to the Utility Inspection Report, Goshen is not maintaining a recording pressure gauge in continuous service a minimum of one week per month at a representative point on the utility's mains. This is required by 807 KAR 5:066, Section 5(2), which states:

Each utility shall provide itself with one (1) or more recording pressure gauges to make pressure surveys as required by these rules. These gauges shall be suitable to record a continuous twenty-four (24) hour test. One (1) of these recording pressure gauges shall be maintained for a minimum of one (1) week per month in continuous service at some representative point on the utility's mains.

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<sup>1</sup> Case No. 96-080, The Application of Goshen Utilities, Inc. for a Deviation From KRS 278.170(2) Regarding Free Water and Sewer Service to Employees. Final Order issued June 24, 1996.

According to the Utility Inspection Report, Goshen's unaccountable water loss exceeds 15 percent of its total water produced and purchased. 807 KAR 5:066,

Section 6(3), states, in relevant part:

Except for purchased water rate adjustments for water districts and water associations, and rate adjustments pursuant to KRS 278.023(4), for rate making purposes a utility's unaccounted-for water loss shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations.

If Goshen sought a rate increase, the cost of any water lost in excess of 15 percent of total water produced and purchased could not be recovered.

Having reviewed the Commission Staff's inspection report, and absent any written response by Goshen to notify the Commission that it is now in compliance with 807 KAR 5:006, Section 25(3), 807 KAR 5:066, Section 16(1), 807 KAR 5:066, Section 5(2), or 807 KAR 5:066, Section 6(3), the Commission finds that a prima facie showing has been made that Goshen is in violation of Commission Regulations 807 KAR 5:006 and 807 KAR 5:066.

The Commission, on its own motion, HEREBY ORDERS that:

1. Goshen shall appear before the Commission on November 6, 1996, at 10:00 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of Commission Regulations 807 KAR 5:006, Section 25(3), 807 KAR 5:066, Section 16(1), 807 KAR 5:066, Section 5(2), or 807 KAR 5:066,

Section 6(3), and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990(1) for these alleged violations.

2. Goshen shall submit to the Commission, within 20 days of the date of this Order, a written response to the allegations contained herein and to the contents of the Inspection Report.


3. The Utility Inspection Report of November 9, 1995, which is appended hereto, is made part of the record of this proceeding.

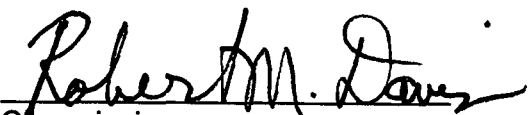
4. Any motion requesting an informal conference with Commission Staff to consider the simplification of issues or any other matters which may aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 17th day of September, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC  
SERVICE COMMISSION IN CASE NO. 96-451 DATED SEPTEMBER 17, 1996

Commonwealth of Kentucky  
Public Service Commission

UTILITY INSPECTION REPORT

Goshen Utilities, Inc.  
Goshen, Kentucky

Utility operations, utility maintenance, utility management and their effect on utility services are a primary concern of the Commission and this Division. Our ongoing inspection program is an expression of this concern. During each inspection, I am stressing: (1) the importance of periodic testing of customers' meters, (2) the importance of accounting for all water purchased and/or produced, (3) the need for surveillance of system operations and (4) the significance of good operating records.

The subject inspection was made November 7, 1995. The utility consists of a treatment plant facility and distribution system operating in Oldham County, Kentucky. It has approximately 1,502 customers on its system. The utility representatives providing information and assistance during this inspection were Maria Beach and Lloyd T. Eades of the Utility.

The Utility's facility operations and its office procedures were reviewed for compliance with the Kentucky Revised Statutes (KRS 278) and the Public Service Commission Regulations (807 KAR).

The following deficiencies were noted:

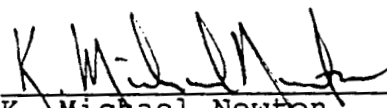
1. The utility is granting free or reduced rate service to its officers, agents or employees without notifying or receiving the Commission's approval pursuant to KRS 278.170(2).

2. The utility is keeping some records of inspections (check-off charts); however, this needs to be expanded on its pump stations and water storage facilities to identify specific areas of inspection, deficiencies found and action taken to correct the deficiency pursuant to 807 KAR 5:006 Sec.25(3).
3. The utility is not testing its 6-inch Turbine master meter periodically pursuant to 807 KAR 5:066 Sec.16(1).
4. The utility is not maintaining a recording pressure gauge in continuous service a minimum of one (1) week per month at a representative point on the utility's mains as required by 807 KAR 5:066 Sec.5(2).
5. The utility's unaccountable water loss exceeds fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations. This is not in compliance with 807 KAR 5:066 Sec.6(3).

Recommendations

A written response should be prepared and forwarded to the Public Service Commission within 30 days of the date of receipt of this report. This response should say what has been done or what will be done to correct each noted deficiency. A starting date and a completion date should be given for actions that are to be accomplished after the date the response is mailed.

Submitted,  
November 9, 1995

  
K. Michael Newton  
Utility Investigator

EBT